



PROPOSED RULE MAKING

CR-102 (June 2004)

(Implements RCW 34.05.320)

Do **NOT** use for expedited rule making

Agency: Dept of Labor & Industries

- ☒ **Preproposal Statement of Inquiry was filed as WSR 04-13-130 ; or**
☐ **Expedited Rule Making--Proposed notice was filed as WSR _____; or**
☐ **Proposal is exempt under RCW 34.05.310(4).**

- ☒ **Original Notice**
☐ **Supplemental Notice to WSR _____**
☐ **Continuance of WSR _____**

Title of rule and other identifying information: Chapter 296-17-WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance. (2005 Workers' Compensation Premium Rates)

This rule proposal will amend the premium rates for workers' compensation insurance classifications for calendar year 2005 and modifications to the related experience rating and retrospective rating plans. An overall 3.7 percent general increase in the premium rates is proposed. The 3.7 percent general rate increase is necessary to maintain the solvency of the state fund. This is the result of changes in loss experience, investment income, medical inflation, and the overall status of the contingency reserve.

See Attachment A

Hearing location(s):

See Attachment B for hearing locations, dates and times.

Date: _____ Time: _____

Submit written comments to:

Name: Department of Labor and Industries

Kathy Kimbel

Program Manager for Employer Services

Address: P O Box 44140

Olympia, WA 98504-4140 or

e-mail LANZ235@LNI.WA.GOV

fax (360)902-4729 by November 15, 2004, 12 noon

Assistance for persons with disabilities: Contact

Office of Information and Assistance by November 12, 2004

TTY (360) 902-5797

Date of intended adoption: November 23, 2004

(Note: This is **NOT** the effective date)

Purpose of the proposal and its anticipated effects, including any changes in existing rules: This rule proposal will amend the risk classification premium base rates, experience rating and retrospective rating tables to reflect updated loss experience, and provide a 3.7 percent general rate increase effective January 1, 2005. This proposal specifically amends sections WAC 296-17-855, WAC 296-17-875, WAC 296-17-880, WAC 296-17-885, WAC 296-17-890, WAC 296-17-895, WAC 296-17-89502, WAC 296-17-90492, WAC 296-17-90493, WAC 296-17-90494, WAC 296-17-90495, WAC 296-17-90496, WAC 296-17-90497 and WAC 296-17-920

Reasons supporting proposal: Insurance base rates and experience rating tables are being modified to reflect changes in loss data associated with the classification and rating plan from the previous 2004 rating period. Washington law provides that rates should be adjusted annually to reflect the hazards of each industry and in accordance with the rating plan. Similarly the rating plan is revised to recognize changes within the industry groups.

Statutory authority for adoption: RCW 51.16.035 (Base Rates), RCW 51.32.073 (Supplemental Pension), RCW 51.18.010 (Retrospective Rating), and RCW 51.04.020(1) (General Authority)

Statute being implemented: RCW 51.16.035, RCW 51.32.073, RCW 51.18.010, and RCW 51.04.020(1)

Is rule necessary because of a:

Federal Law?

☐ Yes ☒ No

Federal Court Decision?

☐ Yes ☒ No

State Court Decision?

☐ Yes ☒ No

If yes, CITATION:

CODE REVISER USE ONLY

WSR#04-19-033

DATE

September 9, 2004

NAME (type or print)

Paul Trause

SIGNATURE

TITLE

Director

(COMPLETE REVERSE SIDE)

Agency comments or recommendations, if any, as to statutory language, implementation, enforcement, and fiscal matters:

The purpose of this proposal is to establish 2005 premium rates and experience rating parameters for calendar year 2005. Washington law (RCW 51.16.035, 51.32.073, 51.18.010, and 51.04.020) requires Labor and Industries to adjust rates to ensure solvency of the accident, medical aid, and supplemental pension funds. RCW 51.16.035 also provides that premium rates charged to industry vary by hazard. Labor and Industries is proposing to adjust each industry risk classification to reflect more current loss experience, and is proposing an overall increase to workers' compensation insurance premium rates of 3.7 percent beginning January 1, 2005.

Name of proponent: (person or organization)

Department of Labor and Industries

☐ Private
☐ Public
☒ Governmental

Name of agency personnel responsible for:

Name	Office Location	Phone
Drafting..... Tammy Turner	Tumwater, WA	(360) 902-4777
Implementation....Kathy Kimbel	Tumwater, WA	(360) 902-4739
Enforcement..... Robert Malooly	Tumwater, WA	(360) 902-4209

Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.

A copy of the statement may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No. Explain why no statement was prepared.

The Regulatory Fairness Act (RFA), chapter 19.85 RCW requires the agency to prepare a Small Business Economic Impact Statement (SBEIS) if the proposed rule will have a disproportionate impact on the state's small businesses because of the size of those businesses. In this case the agency is exempt from conducting a SBEIS when the proposed rules set or adjust fees or rates pursuant to legislative standards RCW 34.05.310(4)(f).

Is a cost-benefit analysis required under RCW 34.05.328?

☐ Yes A preliminary cost-benefit analysis may be obtained by contacting:

Name:

Address:

phone () _____

fax () _____

e-mail _____

☒ No: Please explain: The Administrative Procedures Act (APA), chapter 34.05 RCW requires the agency to prepare a Cost/Benefit Analysis (CBA) prior to adopting a "significant legislative rule". The CBA determines whether the probable benefits of the rule are greater than its probable costs. This takes into account both the qualitative and quantitative benefits and costs and the specific directives of the statute being implemented. In this case, the agency is exempt from conducting a CBA when the proposed rules set or adjust fees or rates pursuant to legislative standards RCW 34.05.328(5)(b)(vi).

Attachment A

CR102 Rule Making Order (RCW 34.05.320)

Chapter 296-17 Wac General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance.

Title of rule and other identifying information

WAC Sections being amended:

WAC 296-17-855	Experience Modification,
WAC 296-17-875	Table I Primary Losses for Selected Claim Values,
WAC 296-17-880	Table II "B" and "W" Values,
WAC 296-17-885	Table III Expected Loss Rates and D Ratios,
WAC 296-17-890	Table IV Maximum Experience Modifications,
WAC 296-17-895	Base Rate Table by Class of Industry,
WAC 296-17-89502	Industrial Insurance Rates for Nonhourly Rated Classifications,
WAC 296-17-90492	Table I Retrospective Rating Plans A, A1, A2, A3, and B, Standard Premium Size Ranges
WAC 296-17-90493	Table II Retrospective Rating Plan A,
WAC 296-17-90494	Table III Retrospective Rating Plan A1,
WAC 296-17-90495	Table IV Retrospective Rating Plan A2,
WAC 296-17-90496	Table V Retrospective Rating Plan A3,
WAC 296-17-90497	Table VI Retrospective Rating Plan B
WAC 296-17-920	Assessment for Supplemental Pension Fund

Attachment B Hearing Locations

CR 102 RULE-MAKING ORDER (RCW 34.05.320)

Chapter 296-17-WAC General Reporting Rules, Classifications, Audit and Recordkeeping, Rates and Rating System for Washington Workers' Compensation Insurance

Hearing Locations:

All Hearings begin at 3:00 PM

November 3, 2004

Westcoast Ridpath
Inland Empire Room
515 W Sprague
Spokane, WA
(509) 838-2711

November 4, 2004

Red Lion Hotel Yakima Center
607 East Yakima Ave
Yakima, WA
(509) 248-5900

November 5, 2004

Best Western Cottonree Inn
Fidalgo Room
2401 Riverside Dr.
Mount Vernon, WA
(360) 428-5678

November 8, 2004

Department of Labor & Industries
Tumwater Office – Auditorium
Tumwater, WA

November 9, 2004

Department of Labor & Industries
Tukwila Office
12806 Gateway Dr
Tukwila, WA

November 10, 2004

King Oscar Convention Center
8820 Hosmer
Tacoma WA
(253) 539-1153

November 12, 2004

Red Lion at the Quay
100 Columbia Street
Vancouver, WA
(360) 694-8341